STATEMENT BY MARK BEEDY
ON BEHALF OF THE MINNESOTA SOYBEAN GROWERS ASSOCIATION
HOUSE SUBCOMMITTEE ON GENERAL FARM COMMODITIES AND RISK MANAGEMENT
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I wish to welcome and thank Congressman Peterson and members of the Subcommittee for visiting our region and for the opportunity to present this testimony.

My name is Mark Beedy and I operate approximately 1000 acres in the Moorhead/Fargo area. This year, I planted approximately 500 acres of wheat and 500 acres of soybeans, of which 200 acres are for the food grade market. The core of my operation has been in my family for over a century. I am also the Vice President of the Minnesota Soybean Growers Association. Although my comments are known and supported by ASA and MSGA, they are just that, my comments, and are not meant to create a position for ASA or MSGA at this time.

I realize the enormous task of putting together a national farm program or risk management program. There will be areas or situations affected differently than intended.

The process in making soybeans a program crop, I believe, is one such occurrence. We saw our local loan rate go from $4.97 down to $4.72. The intent was to recoup the difference in the form of a program payment. In actuality, we, for the most part, just lost that amount. Our LDPs, if applicable, will be $0.25 less on all our bushels. Keeping old bases and yields and adding soybeans seemed to be the popular choice, but do not reflect current farming practices.

We have the advantage in this area to try to increase profits by producing different crops, thanks in a large part to the flexibility provision of the farm bill. However, if you raised sunflowers, hay, edible beans or sugar beets during the years used for calculation, you are penalized on your soybean base. Another common practice in this area is renting “free acres” out for sugar beet production, which also causes you to be penalized.

I recognize that this Subcommittee is most interested in the crop insurance program and particularly how it is working in this region. Addressing multiple year losses when it comes to disaster and crop insurance programs remains one of our top concerns.

Loss years are not just the large-scale drought or floods covered by the media. Over the last decade I have experienced planting delays due to spring floods, and wet springs. During the growing months I have had areas of excessive rains, hail, and wet conditions in the fall. Whenever things like this occur, you have more weed and disease pressure, more quality problems, yield loss and increased expenses.

Previous disaster programs were merely another AMTA payment to all producers. They were very well received, but were made to all producers whether they had a loss or not. I commend the work on the most recent disaster program to try and remedy this. It worked fine, except again for those of us with multiple years of loss.

In 2001 there was a need for another disaster program! With farm bill negotiations underway, we were told to wait until passage of the new farm bill, as not to jeopardize it. After adoption of the new farm bill and another loss year, we got to decide which disaster we liked most, 2001 or 2002. In my case I opted for 2001 and received payment in 2003. 2002 was well, just another loss to swallow. One can only operate with losses so long. Debt load increases, due to financing losses and lack of operating cash.

A change in the crop insurance program would certainly help. With the multi-year losses in our area, APH yields have decreased and premium rates have increased.

We do have the option, if selected, to use 60% of "T" yield for loss years in APH calculations. In my case, 60%of 29 = 17 bushels (still a loss). Plus we pay extra for this option. (See attachment) While this was the "fix" included in the crop insurance reform legislation, it is not enough. I need to be able to guarantee enough bushels or revenue to cover my costs and 17 bushels isn't enough.

Seed, fertilizer and chemical can easily cost $60 per acre, think about paying the landlord and your costs increase to $125-$140, to cover all overheads I'd easily be looking at $180-$185. To achieve profitability, I need to reach my goal of $200 or more per acre. Some of the negative comments I hear, when it comes to crop insurance, is we are able to guarantee a profit. As you can see, my coverage is far from that.

I have attached a worksheet showing my insurance premium quotes. I currently have APH coverage at the 75% level. I must lose 25% of my cash outlay before the premium even gets covered! And the 75% is calculated on reduced yields that won't even be considered at the bank for cash flow purposes.

Please note the 85% level; it is cost prohibitive at more than $14(approximately 3 bushels or 10% of my guarantee) an acre for revenue coverage. This is not a viable option.

Finally, when you have a pending loss and premiums are not paid timely, the crop insurance company assesses late fees, which are also deducted from your indemnity. This is a problem that has been identified by producers across the country. ASA has taken the formal position that the program should be modified so that once a farmer has filed a claim, while that claim is outstanding, the insurance company cannot charge late fees or interest to the farmer's account for any outstanding premium due for the crop the claim has been filed on.

I realize I am but one individual in a national program, but I again want to thank you for the opportunity to address the Subcommittee.